



Prime Minister

Policy Unit's advice

attached.

Agree that we participate in proposed collaborative feasibility study, while simultaneously examining other options?

CDP 4/7.

MO 26/11/9

PRIME MINISTER

Yes no

FUTURE FIGHTER AIRCRAFT

I am writing to inform you of where matters stand on this highly significant project, and to seek your agreement to the course of action I propose to follow.

2. The RAF's requirement for front-line aircraft has four essential components:

- a. long-range strike, attack and interdiction (to be provided into the next century by Tornado GR1);
- b. shorter range offensive support including STOVL capability (to be provided by successive marks of Harrier);
- c. long-range all-weather interception of the bomber threat for UK air defence (to be provided into the next century by Tornado F2);
- d. tactical air defence and ground attack capability in the Central Region, UK Air Defence and Flanks (currently being provided by Phantom and Jaguar).

So far as the first three components of the requirement are concerned, arrangements are well advanced to meet the expected threat over the next 20 years. The Phantoms and Jaguars will not, however, be adequate to provide respectively the required tactical air defence and ground attack capability during the same period. By the mid-1990s



the operational viability of both aircraft will be at risk in the face of the expected Warsaw Pact opposition (in particular the agile new FULCRUM and FLANKER aircraft). The Phantom will in addition be virtually at the end of its fatigue life, and the Jaguar lacks the agility to fulfill the Phantom's role. The demise of these aircraft without replacement would leave a major gap, which can best be filled by a new agile fighter with a good ground attack capability. It is highly improbable that we could hope to satisfy the requirement by using other aircraft in our inventory because they would not provide the essential combination of agility and other capabilities. Similarly there is no ground-launched weapon currently in prospect which would have the flexibility to undertake the range of tasks implicit in the role at 2d above.

3. The need for such a new aircraft has been foreseen for some years, but its provision posed us with a seemingly baffling conundrum. Until the late 1970s we had hoped to combine in a single aircraft type the air combat capability required for the Phantom/Jaguar replacement with the vertical/short take off or landing (V/STOL) ability of Harrier. However, none of our allies had a similar requirement: the Americans were already committed to other fighter programmes and our European allies did not require V/STOL. The Harrier GR5/AV8B programme was therefore launched to preserve through the 1990s that aircraft's invaluable ability to operate from dispersed sites.

4. That left the RAF's need for an agile combat aircraft unfilled, but unfortunately it proved to be impossible at that time to reconcile the characteristics for such an aircraft sought by the other European nations. Nor was foreign purchase an attractive option, partly because it would effectively kill off the advanced military design capability of the British airframe, engine and avionic industry and partly because, of the more obvious contenders, the American F16 was judged to lack the required performance, while the F18 was experiencing serious (and for a while seemingly uncontrolled) cost growth. As an interim measure therefore in 1982 the Experimental Aircraft Programme, of which you are aware, was launched as a jointly funded venture with British industry in order to explore the technology which would be required in a new aircraft.



5. Subsequently our own requirements and those of France, Germany, Italy and Spain began to converge. A spectrum of desired characteristics was established which, by last Autumn, had been brought sufficiently close together to permit the agreement by the five Air Staffs of an Outline European Staff Target (OEST). Pre-feasibility studies carried out in industry confirmed that the technology exists to permit the design of an aircraft having the required characteristics, and established a number of options for meeting, to a greater or lesser degree, the OEST. The aircraft would be a single seat, twin-engined, machine smaller than the more specialised Tornado but larger than Harrier, with the flexibility to complement both.

6. Proceeding from that point has, however, not been without its difficulties, largely because the French were pressing for a smaller, less capable aircraft than we consider necessary to counter FULCRUM and FLANKER. France also wanted a dominant share in any joint programme, which was unacceptable to the rest of us. With the agreement of the other nations therefore, I met M Hernu on 20th June and will be meeting him again later this week to see if it is possible to come to an acceptable compromise.

7. On the assumption that a compromise is reached, the logical next step will then be to carry out a collaborative feasibility study to define more precisely the characteristics of a common aircraft, its performance, and its costs. This study would last for 6 months at a cost to us of £2M, including an allowance for a subsequent period of assessment.

8. I am very conscious of the fact that to meet the RAF's need for this new aircraft will inevitably be costly. We estimate that a 25% share of a collaborative project, together with the production of the 200 or so aircraft the RAF expects to need, would cost in total of the order of £4bn. Although this amount is significantly less than the £10bn we are spending on the Tornado programme, such a decision is clearly not one to be taken lightly and separate studies are in hand to ensure that it can be accommodated in the Defence Budget over the appropriate period. I therefore propose to proceed with caution.



9. Participation in the proposed collaborative feasibility study - which I consider necessary to define the aircraft, and particularly its costs, more clearly - would be entirely without commitment to go on to any subsequent stage. In parallel with the international study we would continue our own independent review of the operational requirement and of the other options open to us, ranging from a purely national project to a foreign purchase, including their costs, budgetary impact and effect on British industry. Finally, when all these studies had been completed and assessed, and in good time before any further commitment was required, I would come back to you and colleagues with recommendations for our future course of action. I would expect this to be next spring.

10. I hope that you and OD colleagues, to whom - along with Sir Robert Armstrong - I am copying this minute, will feel able to agree these proposals. I am due to meet the defence Ministers of the other four countries on 9th July and would naturally wish to be able to agree with them the arrangements for the collaborative feasibility study.

Ministry of Defence
2nd July 1984

CONFIDENTIAL

FILE SH.



6cc: SPC
David Pascoe

10 DOWNING STREET

From the Private Secretary

5 July, 1984

Dear Richard,

Future Fighter Aircraft

The Prime Minister has considered the Defence Secretary's minute (MO 26/11/9) on the future fighter aircraft.

Subject to the views of colleagues, the Prime Minister agrees that the UK should participate in the proposed collaborative feasibility study without commitment, while simultaneously examining other options.

I am sending copies of this letter to the Private Secretaries to members of OD and to Richard Hatfield (Cabinet Office).

Yours sincerely,
C. D. Powell
C. D. POWELL

R. Mottram, Esq.,
Ministry of Defence

CONFIDENTIAL

CONFIDENTIAL

MR POWELL

4 July 1984

FUTURE FIGHTER AIRCRAFT

The future fighter aircraft will be the largest and most significant military procurement decision during this Parliament. At an expected minimum cost of £4 billion, we cannot afford to get it wrong.

Progress so far has not been encouraging. The desire on the part of the European air forces and defence industries for a new fighter led to a European staff target which was not derived from military requirements. It has not yet been established that this staff target fully reflects the threat, or outlines the most appropriate solution to meeting the threat. At the moment this is a political plane intended to unify Europe.

We accept that the RAF will have to replace Phantoms and Jaguars for our air defence and ground attack requirements in the 1990s. However, it is unclear whether this requirement is best met by a single aircraft, a mix of aircraft, or a mix of aircraft and missile systems.

Similarly, we must learn the lessons from the Tornado project in order to maximise the benefits from European collaboration. It will not be easy to resolve questions of project leadership and co-ordination, particularly if the French do become involved.

The Americans are also developing an Advanced Tactical Fighter for the mid-1990s to complement the F16 and F18. A US purchase or, alternatively, collaboration with the Americans, may offer better value for money for the defence budget.

Michael Heseltine recognises the risks associated with this project. Indeed, the only certainty is that current cost estimates will undoubtedly escalate alarmingly as the project proceeds. In these circumstances, we agree that a collaborative feasibility study is needed to define the aircraft required to meet an agreed threat, on the clear understanding that the UK would not be under any commitment to proceed to subsequent stages. As Michael proposes, we must also continue with our own independent review of the operational requirement and of all other options open to us.

On this basis, we support the Secretary of State's proposals.

DLP.

DAVID PASCALL

CONFIDENTIAL



ceDPs

Cena

NBPM
EDD 9/7

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
 Secretary of State for Defence
 Ministry of Defence
 Main Building
 Whitehall
 LONDON
 SW1A 2HB

6 July 1984

Dear Secretary of State

FUTURE FIGHTER AIRCRAFT

I am content with your proposal to join in a five nation collaborative feasibility study without any further commitment and subject to a satisfactory outcome of your talks with M Hernu.

Given the size of the potential future commitment to any new aircraft I fully support your wish to proceed stage by stage and to explore all other options. I welcome your undertaking to come back to OD with an assessment of options and recommendations before any further commitment.

As you acknowledge, a project of this potential size will have a significant impact on the Defence Budget over a long period. In order to advise how this and other projects might fit into the future defence programme my officials need to be able to discuss with yours the forward long term costing projections. I should be grateful for your early agreement to these essential discussions.

I am copying this letter to the Prime Minister, to other OD colleagues and to Sir Robert Armstrong.

Yours sincerely

J. G. Gieve

J. PETER REES

[Approved by the Chief Secretary]

29 JUL 1984





CCDP
JF6868

CDD
10/7.

CONFIDENTIAL

PRIME MINISTER

FUTURE FIGHTER AIRCRAFT

I have seen a copy of Michael Heseltine's minute to you of 2 July.

2 I am glad to hear of the progress made in defining an OEST and I support his proposal to agree with his counterparts a collaborative feasibility study.

3 In his minute Michael also refers to the interests of the UK aerospace industry. The run-down of Tornado production will place a considerable strain on the industry towards the end of the decade and I very much hope that matters can be moved forward quickly once the results of the feasibility study, and the independent review of UK options, are known early next year. I know that Michael will wish to continue to resist any attempts by the French to dominate any collaborative venture.

4 Copies of this letter go to OD colleagues and to Sir Robert Armstrong.

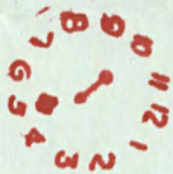
NJ

N T

9 July 1984

Department of Trade and Industry

Defence procurement Pt 2



10 JUL 1984

COMMISSIONER